

The Full Faith and Credit Act would allow the U.S. Treasury to ensure that our nation's bills are paid on time and without political brinkmanship

WASHINGTON, D.C. – Today, citing new momentum in Washington to repeal the federal debt ceiling and prevent future manmade fiscal crises, Representatives Jerrold Nadler (D-NY), Hank Johnson (D-GA), Jim Moran (D-VA) and Earl Blumenauer (D-OR) renewed their call for passage of their bill, [the Full Faith and Credit Act of 2011](#), which would abolish the debt ceiling and allow the U.S. Treasury to ensure that our nation's bills are paid on time and without political brinkmanship. During the recent debates on how to avoid the “fiscal cliff,” the [Obama administration](#) and numerous [opinion leaders](#) have endorsed repeal of the federal debt ceiling.

“The debt ceiling is truly arbitrary and has nothing to do with the deficit,” said **Nadler**. “The debt ceiling does not prevent the United States from incurring new debts, but has become a tool used by right-wing Republicans to hold tax reform and the economy hostage, while punishing millions of Americans. Let us abolish the debt ceiling and get to work, finally, on the critical needs of the American people: creating jobs and economic development, providing aid to states, building infrastructure, and instilling aggregate demand back into the economy.”

“Republicans in Congress have already shown their willingness to undermine our economy and the full faith and credit of the nation by threatening to force default last year,” said **Johnson**. “The Full Faith & Credit Act will prevent politicians from holding the nation's credit hostage ever again.”

“Republicans in Congress have shown they are willing to hold the fate of our economy hostage by using the debt ceiling as a political weapon,” said **Moran**. “It's a tactic that has far ranging effects, disrupting financial markets, lowering our credit rating, damaging the peoples' trust in government and delaying consideration of must-pass legislation. It is highly irresponsible for the federal government to waver on our promise to pay off our debts. Given the ramifications of congressional Republicans' irresponsible behavior, the debt ceiling should be eliminated.”

“Playing politics with the debt ceiling can only serve to create a self-inflicted economic wound,”

said **Blumenauer**. “This kind of nonsense was fully repudiated by voters in November’s election. We should act to make sure that House Republicans can no longer use a manufactured crisis around the debt ceiling to extort benefits for the very wealthy while harming the rest of the country.”

The modern debt ceiling, set in 1939 based on amendments to the *Second Liberty Bond Act of 1917*, consolidated federal debts in order to provide the U.S. Treasury more flexibility to reduce interest costs and minimize financial risks. In the 1980s and early 1990s, the House of Representatives, at times, used a mechanism, referred to as the Gephardt Rule, to automatically increase the debt ceiling to keep pace with annual congressional spending. In the last 10 years, Congress has voted to increase the debt ceiling more than 10 times. The 2011 debt ceiling showdown reflected a shift from 30 years of clean debt ceiling increases and resulted in Standard & Poor’s downgrading of the U.S. credit rating for the first time in history.

[The Full Faith and Credit Act](#) (H.R. 2931), introduced last year during the debt ceiling confrontation, would remove the unnecessary debt ceiling and ensure that the U.S. does not default on its debts.

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